## 5024-S2 AMH AGNR H2642.1

## 2SSB 5024 - H COMM AMD

3

5

7

9

10

11

12

13 14

15

16

1718

19

2021

22

23

24

2526

27

2829

30

By Committee on Agriculture & Natural Resources

1 Strike everything after the enacting clause and insert the 2 following:

"NEW SECTION. Sec. 1. The legislature finds that state laws have long recognized that communities are dynamic entities. The legislature also finds that any interpretation of its laws that would require its communities to be ossified or frozen in time or would require their future growth to be precisely predictable defies the needs of human The legislature has provided numerous means and considerable guidance to its communities regarding their growth and for providing essential services within them as they grow. While the legislature recognizes that the totality of the statutory law that governs such communities is found in a wide variety of places throughout the codified version of the statute laws, the Revised Code of Washington, the legislature also recognizes that it has not always expressly announced in the portion of those statutes generally referred to as the state's water laws how the nature of water rights held by municipal water suppliers accommodates the growth of and changes in communities and the requirements placed on them and authorities granted to them by other laws. The legislature finds that this is in part because state policies in the administration of the water laws have reflected the dynamic nature of human habitation and population growth from within and from without the state. For a very long time, these policies recognized that a water right for municipal water supply purposes is "perfected" when facilities for diverting or withdrawing distributing the water are constructed but before all of the water is placed to actual use within the community or communities served.

With the enactment of this legislation, the legislature intends to provide within the water laws a curative clarification of the relationship of water rights for municipal water supply purposes to the requirements of other law and the realities of growth.

- 1 **Sec. 2.** RCW 90.03.015 and 1987 c 109 s 65 are each amended to read 2 as follows:
  - ((As used in this chapter:)) The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.
    - (1) "Department" means the department of ecology( $(\dot{\tau})$ ).
    - (2) "Director" means the director of ecology( $(\frac{\cdot}{and})$ ).

3

4

5

- 7 (3) "Municipal water supplier" means an entity that supplies water 8 for municipal water supply purposes.
- (4) "Municipal water supply purposes" means a beneficial use of 9 water: (a) For residential purposes through fifteen or more 10 residential service connections or for providing residential use of 11 water for a nonresidential population that is, on average, at least 12 13 twenty-five people for at least sixty days a year; (b) for governmental or governmental proprietary purposes; or (c) indirectly for the 14 purposes in (a) or (b) of this subsection through the delivery of 15 treated or raw water to a public water system for such use. If water 16 is beneficially used under a water right for the purposes listed in 17 (a), (b), or (c) of this subsection, any other beneficial use of water 18 19 under the right generally associated with the use of water within a municipality is also for "municipal water supply purposes," including, 20 21 but not limited to, beneficial use for commercial, industrial, irrigation of parks and open spaces, institutional, landscaping, fire 22 flow, water system maintenance and repair, or related purposes. 23
- 24 <u>(5)</u> "Person" means any firm, association, water users' association, 25 corporation, irrigation district, or municipal corporation, as well as 26 an individual.
- NEW SECTION. Sec. 3. A new section is added to chapter 90.03 RCW to read as follows:
- Beneficial uses of water under a municipal water supply purposes water right may include water for:
- 31 (1) Uses that benefit fish and wildlife, water quality, or other 32 instream resources or related habitat values; or
- (2) Uses that are needed to implement environmental obligations called for by a watershed plan approved under chapter 90.82 RCW or a comprehensive watershed plan adopted under RCW 90.54.040(1), a federally approved habitat conservation plan prepared in response to

- 1 the listing of a species as being endangered or threatened under the
- 2 federal endangered species act, 16 U.S.C. Sec. 1531 et seq., a
- 3 hydropower license of the federal energy regulatory commission, or a
- 4 comprehensive irrigation district management plan.
- 5 <u>NEW SECTION.</u> **Sec. 4.** A new section is added to chapter 90.03 RCW 6 to read as follows:
- When requested by a municipal water supplier or when processing a change or amendment to the right, the department shall amend the water right documents and related records to ensure that water rights that are for municipal water supply purposes, as defined in RCW 90.03.015,
- 11 are correctly identified as being for municipal water supply purposes.
- 12 <u>NEW SECTION.</u> **Sec. 5.** A new section is added to chapter 90.14 RCW 13 to read as follows:
- When a municipal water supplier acquires an existing water right that is not a municipal water supply purpose right, that right is not
- 16 subject to relinquishment for nonuse occurring during the time that the
- 17 acquirer diligently seeks the department's approval to change the right
- 18 to municipal water supply purposes. Once a change to municipal water
- 19 supply purposes is approved by the department, the right is thereafter
- subject to the exception from relinquishment in RCW 90.14.140(2)(d).
- 21 **Sec. 6.** RCW 90.14.031 and 1969 ex.s. c 284 s 12 are each amended 22 to read as follows:
- 23 ((Unless a different meaning is plainly required by the context,
- 24 the following words and phrases as used in RCW 90.14.031 through
- 25 90.14.121 shall have the following meanings:))
- 26 (1) The definitions in this subsection apply throughout this chapter unless the context clearly requires otherwise.
- 28 <u>(a) "Municipal water supplier" has the same meaning as defined in</u>
  29 RCW 90.03.015.
- 30 (b) "Municipal water supply purpose" has the same meaning as defined in RCW 90.03.015.
- 32 (2) The definitions in this subsection apply throughout RCW
- 33 <u>90.14.031</u> through 90.14.121 unless the context clearly requires
- 34 <u>otherwise</u>.

(a) "Person" shall mean an individual, partnership, association, public or private corporation, city or other municipality, county, or a state agency, and the United States of America when claiming water rights established under the laws of the state of Washington.

- $((\frac{2}{2}))$  (b) "Beneficial use" shall include, but not be limited to, use for domestic water, irrigation, fish, shellfish, game and other aquatic life, municipal, recreation, industrial water, generation of electric power, and navigation.
- **Sec. 7.** RCW 90.03.260 and 1987 c 109 s 84 are each amended to read 10 as follows:
  - (1) Each application for permit to appropriate water shall set forth the name and post office address of the applicant, the source of water supply, the nature and amount of the proposed use, the time during which water will be required each year, the location and description of the proposed ditch, canal, or other work, the time within which the completion of the construction and the time for the complete application of the water to the proposed use.
  - (2) If for agricultural purposes, ((it)) the application shall give the legal subdivision of the land and the acreage to be irrigated, as near as may be, and the amount of water expressed in acre feet to be supplied per season. If for power purposes, it shall give the nature of the works by means of which the power is to be developed, the head and amount of water to be utilized, and the uses to which the power is to be applied.
  - (3) If for construction of a reservoir, ((it)) the application shall give the height of the dam, the capacity of the reservoir, and the uses to be made of the impounded waters.
  - (4) If for community or multiple domestic water supply, the application shall give the projected number of service connections sought to be served. However, for a municipal water supplier that has an approved water system plan under chapter 43.20 RCW or an approval from the department of health to serve a specified number of service connections, the service connection figure in the application or any subsequent water right document is not an attribute limiting exercise of the water right as long as the number of service connections to be

served under the right is consistent with the approved water system

plan or specified number.

- (5) If for municipal water supply, ((it)) the application shall give the present population to be served, and, as near as may be estimated, the future requirement of the municipality. However, for a municipal water supplier that has an approved water system plan under chapter 43.20 RCW or an approval from the department of health to serve a specified number of service connections, the population figures in the application or any subsequent water right document are not an attribute limiting exercise of the water right as long as the population to be provided water under the right is consistent with the approved water system plan or specified number.
- (6) If for mining purposes, ((it)) the application shall give the nature of the mines to be served and the method of supplying and utilizing the water; also their location by legal subdivisions.
- (7) All applications shall be accompanied by such maps and drawings, in duplicate, and such other data, as may be required by the department, and such accompanying data shall be considered as a part of the application.
- **Sec. 8.** RCW 90.03.386 and 1991 c 350 s 2 are each amended to read 21 as follows:
  - (1) Within service areas established pursuant to chapter((s)) 43.20 ((and)) or 70.116 RCW, the department of ecology and the department of health shall coordinate approval procedures to ensure compliance and consistency with the approved water system plan.
  - (2) The effect of the department of health's approval of a planning or engineering document that describes a municipal water supplier's service area under chapter 43.20 RCW, or the local legislative authority's approval of service area boundaries in accordance with procedures adopted pursuant to chapter 70.116 RCW, is that the place of use of a surface water right or ground water right used by the supplier is equivalent to, and coexistent with, the approved service area if the supplier is in compliance with the terms of the water system plan or small water system management program, including those regarding water conservation, and the alteration of the place of use is not inconsistent, regarding an area added to the place of use, with: Any

comprehensive plans or development regulations adopted under chapter 36.70A RCW; any other comprehensive plan, land use plan, or development regulation adopted by a city, town, or county; or any watershed plan approved under chapter 90.82 RCW.

(3) A municipal water supplier must implement cost-effective water conservation in accordance with the requirements of sections 10 and 11 of this act as part of its approved water system plan or small water system management program. With regard to water diverted or withdrawn by the municipal water supplier under a particular surface or ground water right a portion of which is an inchoate right, a municipal supplier with one thousand or more service connections must document an improvement in the efficiency of water use or delivery under the right over the last six years before it may divert or withdraw further amounts of its inchoate right for beneficial use. When establishing or extending a surface or ground water right construction schedule under RCW 90.03.320, the department must take into consideration the public water system's use of conserved water.

## **Sec. 9.** RCW 90.03.330 and 1987 c 109 s 89 are each amended to read 19 as follows:

- (1) Upon a showing satisfactory to the department that any appropriation has been perfected in accordance with the provisions of this chapter, it shall be the duty of the department to issue to the applicant a certificate stating such facts in a form to be prescribed by ((him)) the director, and such certificate shall thereupon be recorded with the department. Any original water right certificate issued, as provided by this chapter, shall be recorded with the department and thereafter, at the expense of the party receiving the same, be transmitted by the department ((transmitted)) to the county auditor of the county or counties where the distributing system or any part thereof is located, and be recorded in the office of such county auditor, and thereafter be transmitted to the owner thereof.
- (2) Except as provided for the issuance of certificates under RCW 90.03.240 and for the issuance of certificates following the approval of a change, transfer, or amendment under RCW 90.03.380 or 90.44.100, the department shall not revoke or diminish a certificate for a surface or ground water right for municipal water supply purposes as defined in

RCW 90.03.015 unless the certificate was issued with ministerial errors 1 or was obtained through misrepresentation. The department may adjust 2 such a certificate under this subsection if ministerial errors are 3 discovered, but only to the extent necessary to correct the ministerial 4 errors. The department may diminish the right represented by such a 5 certificate if the certificate was obtained through a misrepresentation б on the part of the applicant or permit holder, but only to the extent 7 of the misrepresentation. The authority provided by this subsection 8 does not include revoking, diminishing, or adjusting a certificate 9 based on any change in policy regarding the issuance of such 10 11 certificates that has occurred since the certificate was issued. This subsection may not be construed as providing any authority to the 12 13 department to revoke, diminish, or adjust a certificate for a water right for any purpose other than municipal water supply purposes. 14

15

16

17

18

19 20

21

22

23

24

- (3) This subsection applies to the water right represented by a water right certificate issued prior to the effective date of this section for municipal water supply purposes as defined in RCW 90.03.015 where the certificate was issued based on an administrative policy for issuing such certificates once works for diverting or withdrawing and distributing water for municipal supply purposes were constructed rather than after the water had been placed to actual beneficial use. Such a water right is a right in good standing as long as the potential use and use of water under the right is consistent with the principles of the administrative policy that led to its being issued, as that policy existed when the certificate was issued.
- 26 (4) After the effective date of this section, the department must 27 issue a new certificate under subsection (1) of this section for a 28 water right represented by a water right permit only for the perfected 29 portion of a water right as demonstrated through actual beneficial use 30 of water.
- NEW SECTION. Sec. 10. A new section is added to chapter 70.119A RCW to read as follows:
- 33 (1) The purpose of this section is to establish water use 34 efficiency requirements designed to ensure efficient use of water while 35 maintaining system financial viability, improving affordability of 36 supplies, and enhancing system reliability. The requirements apply to

all municipal water suppliers, as defined in RCW 90.03.015, and must be tailored to be appropriate for a system's size, forecasted demand, and supply constraints.

- (2) By December 31, 2005, the department must adopt rules that:
- (a) Establish performance measures to be used in measuring the progress a municipal water supplier is making in achieving its water conservation objectives under section 11 of this act which include, but are not limited to, those regarding water distribution system leakage, collection and reporting of source production and water consumption data, and timelines for setting and achieving cost-effective conservation objectives over time;
- (b) Establish criteria that identify how the department will determine whether municipal water suppliers are fulfilling the obligations established for them in section 11 of this act when the department reviews the conservation elements of water system plans and small water system management programs, submitted to it under chapter 43.20 RCW or submitted as part of coordinated water system planning under chapter 70.116 RCW. The criteria must take into consideration the historic conservation performance and conservation investment of the supplier, regional climate variations, and the supplier's customer base demographics, forecasted demand, and system supply constraints;
- (c) Establish minimum requirements for water demand forecast methodologies to be used by municipal water suppliers; and
- (d) Ensure compliance with the provisions of this section and section 11 of this act. The compliance processes established under this section must incorporate the graduated approach specified for the enforcement of water laws in RCW 90.03.605(1) (a) through (c).
- (3) The rules adopted by the department under subsection (2) of this section must not establish state conservation requirements that are less stringent than those in effect on the effective date of this section. For the reporting required by subsection (2)(a) of this section, the rules shall require that municipal water suppliers document that they are maintaining or improving conservation performance at the water system level.
- (4) The department must establish an advisory committee to assist it in developing rules under this section. The advisory committee must include representatives from public water system customers,

environmental interest groups, business interest groups, a representative cross-section of municipal water suppliers, a person employed by a municipal water supplier as a water conservation expert, tribal governments, the department of ecology, and any other members determined necessary by the department.

- (5) The department must provide, upon request, technical assistance to public water systems and local governments regarding water conservation. The assistance must be available regarding, but is not limited to, the development of best management practices for water conservation programs, conservation landscape ordinances, conservation rate structures for public water systems, and general public education programs on water conservation.
- NEW SECTION. **Sec. 11.** A new section is added to chapter 70.119A RCW to read as follows:

A municipal water supplier, as defined in RCW 90.03.015, must integrate conservation planning into its overall system operation and management and must appropriately fund conservation activities. A municipal water supplier must adopt and achieve water conservation objectives as part of its water system plan or small water system management program developed under chapter 43.20 RCW or as part of a coordinated water system plan under chapter 70.116 RCW. A municipal water supplier must improve the efficiency of its water system or systems over time, relative to past performance, and must assist the users of its water in improving the efficiency of their water use.

Prior to the date by which the department must adopt rules under section 10(2) of this act and for the purposes of chapter 90.03 RCW, a municipal water supplier with one thousand or more service connections is in compliance with the terms of its water system plan regarding water conservation if the supplier is in compliance with the conservation elements of its current plan and it can document an improvement in the efficiency of water use or delivery in the system over the last six years and there is no loss of conservation performance prior to the adoption of the rules.

NEW SECTION. Sec. 12. A new section is added to chapter 90.54 RCW to read as follows:

The department shall prioritize the expenditure of funds and other resources for programs related to streamflow restoration in watersheds where the exercise of inchoate water rights may have a larger effect on streamflows and other water uses.

1 2

3

4

7

8

9 10

11

12

13

1415

16

17

18

19

22

23

2425

26

27

2829

30

31

32

3334

35

5 <u>NEW SECTION.</u> **Sec. 13.** A new section is added to chapter 43.20 RCW 6 to read as follows:

The department shall consult with the departments of ecology, fish and wildlife, and community, trade, and economic development when it approves water system plans of public water systems. In approving such a plan, the department shall ensure that water service to be provided by the system under the plan for any new industrial, commercial, or residential use is consistent with the requirements comprehensive plans or development regulations adopted under chapter 36.70A RCW or any other comprehensive plan, land use plan, development regulation adopted by a city, town, or county for the The department shall also ensure that the plan accommodates the duty of the public water system to provide water for new residential use within its service area as described in section 14 of this act.

NEW SECTION. Sec. 14. A new section is added to chapter 43.20 RCW to read as follows:

The first choice of water supply for a new residential use of water within the service area of public water system, for which a public water system plan is required under this chapter, is water service from the public water system. The public water system has a duty to provide the water service within its service area if its service can be available in a timely and cost-effective manner and it has sufficient water rights to provide the service. Any water service provided shall be consistent with the requirements of any comprehensive plans or development regulations adopted under chapter 36.70A RCW or any other comprehensive plan, land use plan, or development regulation adopted by a city, town, or county for the service area and, for water service by the water utility of a city or town, with the utility service extension ordinances of the city or town. The service is available in a timely manner if the water can be provided within one hundred twenty days of

the date the request for water service is made to the system by the 1 2 party representing the new residential use, unless the party requests a longer period. The service is available in a cost- effective manner 3 if the total cost to obtain the water from the public water system, 4 5 including but not limited to construction and engineering costs, connection fees, and operating costs, does not exceed one hundred 6 7 twenty percent of the total cost of providing water service from a well for the new residential use under the permit exemption of RCW 8 9 90.44.050.

NEW SECTION. Sec. 15. A new section is added to chapter 43.20 RCW to read as follows:

12

13

1415

16

17

18

19 20

21

22

23

24

2526

When a water system plan is regularly submitted to the department for review and approval, which on the effective date of this section occurs every six years, the plan must demonstrate that any new use of the inchoate water right of the system under the plan will be consistent with meeting the timelines and interim milestones established under section 5, chapter . . ., Laws of 2003 (section 5, Engrossed Substitute House Bill No. 2336) or section 8, chapter . . ., Laws of 2003 (section 8, Engrossed Substitute House Bill No. 1336) for achieving instream flows in the watershed in which water is diverted or withdrawn under the right. Public water systems shall provide public notice before submitting a water system plan or major revisions to a water system plan for approval under this chapter or under chapter This section applies only to water systems for which a 70.116 RCW. water system plan must be approved under this chapter or chapter 70.116 RCW.

27 **Sec. 16.** RCW 90.48.495 and 1989 c 348 s 10 are each amended to 28 read as follows:

The department of ecology shall require sewer plans to include a discussion of water conservation measures considered or underway that would reduce flows to the sewerage system and an analysis of their anticipated impact on public sewer service and treatment capacity.

33 **Sec. 17.** RCW 90.48.112 and 1997 c 444 s 9 are each amended to read as follows:

The evaluation of any plans submitted under RCW 90.48.110 must include consideration of opportunities for the use of reclaimed water as defined in RCW 90.46.010. Wastewater plans submitted under RCW 90.48.110 must include a statement describing how applicable reclamation and reuse elements will be coordinated as required under RCW 90.46.120(2).

**Sec. 18.** RCW 90.46.120 and 1997 c 444 s 1 are each amended to read 8 as follows:

- (1) The owner of a wastewater treatment facility that is reclaiming water with a permit issued under this chapter has the exclusive right to any reclaimed water generated by the wastewater treatment facility. Use and distribution of the reclaimed water by the owner of the wastewater treatment facility is exempt from the permit requirements of RCW 90.03.250 and 90.44.060. Revenues derived from the reclaimed water facility shall be used only to offset the cost of operation of the wastewater utility fund or other applicable source of system-wide funding.
  - (2) If the proposed use or uses of reclaimed water are intended to augment or replace potable water supplies or create the potential for the development of additional potable water supplies, such use or uses shall be considered in the development of the regional water supply plan or plans addressing potable water supply service by multiple water purveyors. The owner of a wastewater treatment facility that proposes to reclaim water shall be included as a participant in the development of such regional water supply plan or plans.
- (3) Where opportunities for the use of reclaimed water exist within the period of time addressed by a water supply plan or coordinated water system plan developed under chapter 43.20 or 70.116 RCW, these plans must be developed and coordinated to ensure that opportunities for reclaimed water are evaluated. The requirements of this subsection (3) do not apply to water system plans developed under chapter 43.20 RCW for utilities serving less than one thousand service connections.
- NEW SECTION. Sec. 19. A new section is added to chapter 90.03 RCW to read as follows:
- 35 (1) On a pilot project basis, the department may enter into

- 1 watershed agreements with one or more municipal water suppliers in a
- 2 watershed to meet the objectives established in a water resource
- 3 management program approved or being developed under chapter 90.82 RCW.
- The term of an agreement may not exceed ten years, but the agreement may be renewed or amended upon agreement of the parties.
- 6 (2) Watershed agreements must be consistent with:
  - (a) Growth management plans developed under chapter 36.70A RCW where these plans are adopted and in effect;
    - (b) Water supply plans and small water system management programs approved under chapter 43.20 or 70.116 RCW;
- 11 (c) Coordinated water supply plans approved under chapter 70.116 12 RCW; and
  - (d) Water use efficiency and conservation requirements and standards established by the state department of health or such requirements and standards as are provided in an approved watershed plan, whichever are the more stringent.
    - (3) A watershed agreement must:

7

8

10

13

14

15

16 17

18

19 20

21

22

23

24

25

2627

28

29

3031

32

33

- (a) Require the public water system operated by the participating municipal water supplier to meet obligations under the watershed plan;
- (b) Establish performance measures and timelines for measures to be completed;
- (c) Provide for monitoring of stream flows and metering of water use as needed to ensure that the terms of the agreement are met; and
- (d) Require annual reports from the water users regarding performance under the agreement.
- (4) As needed to implement watershed agreement activities, the department may provide or receive funding, or both, under its existing authorities.
- (5) The department must provide opportunity for public review of a proposed agreement before it is executed. The department must make proposed and executed watershed agreements and annual reports available on the department's internet web site.
- (6) The department must consult with affected local governments and the state departments of health and fish and wildlife before executing an agreement.
- 36 (7) Before executing a watershed agreement, the department must 37 conduct a government-to-government consultation with affected tribal

governments. The municipal water suppliers operating the public water systems that are proposing to enter the agreements must be invited to participate in the consultations. During these consultations, the department and the municipal water suppliers shall explore the potential interest of the tribal governments or governments in participating in the agreement.

1 2

- (8) Any person aggrieved by the department's failure to satisfy the requirements in subsection (3) of this section as embodied in the department's decision to enter a watershed agreement under this section may, within thirty days of the execution of such an agreement, appeal the department's decision to the pollution control hearings board under chapter 43.21B RCW.
- (9) Any projects implemented by a municipal water system under the terms of an agreement reached under this section may be continued and maintained by the municipal water system after the agreement expires or is terminated as long as the conditions of the agreement under which they were implemented continue to be met.
- (10) The pilot project shall apply only in water resource inventory area number one established under chapter 173-500 WAC as it exists on the effective date of this section.
- (11) Before December 31, 2003, and December 31, 2004, the department must report to the appropriate committees of the legislature the results of the pilot projects provided for in this section. Based on the experience of the pilot project areas, the department must offer any suggested changes in law that would improve, facilitate, and maximize the implementation of watershed plans adopted under this chapter.
- NEW SECTION. Sec. 20. A new section is added to chapter 90.03 RCW to read as follows:
- The department may not enter into new watershed agreements under section 19 of this act after July 1, 2008. This section does not apply to the renewal of agreements in effect prior to that date.
- NEW SECTION. Sec. 21. A new section is added to chapter 90.03 RCW to read as follows:
- 35 The right to use water under an unperfected surface water right for

- 1 municipal water supply purposes or a portion thereof held by a
- 2 municipal water supplier may be changed or transferred in the same
- 3 manner as provided by RCW 90.03.380 if the change or transfer is
- 4 subject to a watershed agreement established under section 19 of this
- 5 act.
- 6 <u>NEW SECTION.</u> **Sec. 22.** The legislature does not intend to
- 7 appropriate additional funds for the implementation of this act and
- 8 expects all affected state agencies to implement this act's provisions
- 9 within existing funds.
- 10 <u>NEW SECTION.</u> **Sec. 23.** If any provision of this act or its
- 11 application to any person or circumstance is held invalid, the
- 12 remainder of the act or the application of the provision to other
- 13 persons or circumstances is not affected."
- 14 Correct the title.

--- END ---